



FY 2026 IPPS/LTCH PPS Proposed Rule Overview for Hospital Quality Programs

Speakers

Centers for Medicare & Medicare Services (CMS) Program Leads

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Hospital Inpatient
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Hospital-Acquired
Condition (HAC)
Reduction Program
& Hospital
Readmissions
Reduction Program

Moderator/Speaker

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Inpatient and Outpatient Healthcare Quality Systems Development and Program Support

Purpose

This presentation will provide an overview of the fiscal year (FY) [2026 Inpatient Prospective Payment System \(IPPS\)/Long-Term Care Hospital Prospective Payment System \(LTCH PPS\) proposed rule](#) as it relates to the following programs:

- Hospital IQR Program
- Hospital VBP Program
- HAC Reduction Program
- Hospital Readmission Reduction Program
- Medicare Promoting Interoperability Program

Objectives

Participants will be able to:

- Locate the FY 2026 IPPS/LTCH PPS proposed rule text.
- Identify program-specific proposals within the FY 2026 IPPS/LTCH PPS proposed rule.
- Understand the timeline and methods for submitting public comments to CMS regarding the FY 2026 IPPS/LTCH PPS proposed rule.

Administrative Procedures Act

- In compliance with the Administrative Procedures Act, we are not able to provide additional information, clarification, or guidance related to the FY 2026 IPPS/LTCH PPS proposed rule.
- We encourage stakeholders to submit comments or questions through the formal comment submission process, as described in this webinar.

Acronyms and Abbreviations

AMI	acute myocardial infarction	FY	fiscal year
CABG	coronary artery bypass graft	HAC	Hospital-Acquired Condition
CAH	critical access hospital	HAI	healthcare-associated infection
CAUTI	catheter-associated urinary tract infection	HCAHPS	Hospital Consumer Assessment of Healthcare Providers and Systems
CCSQ	Center for Clinical Standards and Quality	HEA	Health Equity Adjustment
CDC	Centers for Disease Control and Prevention	HF	heart failure
CDI	<i>Clostridioides difficile</i> infection	HWM	Hospital-Wide Mortality
CLABSI	central line-associated bloodstream infection	HWR	Hospital-Wide Readmission
CMS	Centers for Medicare & Medicaid Services	IPPS	Inpatient Prospective Payment System
COMP	complication	IQR	Inpatient Quality Reporting
COPD	chronic obstructive pulmonary disease	LTCH	long-term care hospital
CY	calendar year	MORT	mortality
ECE	extraordinary circumstance exception	MRSA	Methicillin-resistant <i>Staphylococcus aureus</i>
EHR	electronic health record	MSPB	Medicare Spending Per Beneficiary
FHIR	Fast Healthcare Interoperability Resources®	N/A	not applicable

Acronyms and Abbreviations

NHSN	National Healthcare Safety Network	SEP	sepsis
PDMP	Prescription Drug Monitoring Program	SIR	standardized infection ratio
PHA	Public Health Agency	SSI	surgical site infection
PN	Pneumonia	STK	stroke
PPS	Prospective Payment System	TEFCA	Trusted Exchange Framework and Common Agreement
PSI	patient safety indicator	THA	total hip arthroplasty
QMVIG	Quality Measurement and Value-Based Incentives Group	TKA	total knee arthroplasty
RSCR	Risk-Standardized Complication Rate	VBP	Value-Based Purchasing
SAFER	Safety Assurance Factors for EHR Resilience		

Kim Rawlings, MPP, Program Lead
Hospital IQR and Hospital VBP Programs, QMVG, CCSQ, CMS

Cross-cutting Proposals and Requests for Information

Proposal: Update and Codify ECE Policy

- Clarify that CMS has the discretion to grant an extension rather than only a full exception in response to ECE requests.
- A hospital may request an ECE within 30 calendar days of the date that the extraordinary circumstance occurred instead of 90 days.

Request for Information: Transition Toward Digital Quality Measurement

- Anticipated approach to Fast Healthcare Interoperability Resources® (FHIR®)-based electronic clinical quality measure reporting in quality reporting programs
- Potential use of FHIR-based patient assessment instrument reporting for inpatient psychiatric facilities

Kim Rawlings, MPP, Program Lead
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Hospital IQR Program

Hospital IQR Program

Proposed Changes Overview

- Request for Information - New measure concepts related to well-being and nutrition
- Refinement of 4 current measures
- Removal of 4 measures
- Technical updates to measures related to COVID-19
- Updating and codifying the Extraordinary Circumstances Exception (ECE) policy

Request for Information: Measure Concepts Under Consideration

- Well-being: Seeking comments on tools and measures that assess overall health, happiness, and satisfaction in life that could include aspects of emotional well-being, social connections, purpose, and fulfillment
- Nutrition: Seeking comments on tools and measures that assess optimal nutrition and preventive care

Proposed Refinements to Current Hospital IQR Program Measures

Measure Name	Proposed Refinement Beginning
Hospital 30-Day, All-Cause, Risk-Standardized Mortality Rate Following Acute Ischemic Stroke Hospitalization	FY 2027
Hospital-Level, Risk-Standardized Complication Rate (RSCR) Following Elective Primary Total Hip Arthroplasty (THA) and/or Total Knee Arthroplasty (TKA)	FY 2027
Hybrid Hospital-Wide Readmission (HWR)	FY 2028
Hybrid Hospital-Wide Mortality (HWM)	FY 2028

Proposed Refinement #1

Hospital 30-Day, All-Cause, Risk-Standardized Mortality Rate Following Acute Ischemic Stroke Hospitalization

Proposed Refinements:

- Expand the measure's inclusion criteria to include Medicare Advantage patients.
- Shorten the performance period from 3 years to 2 years.

Proposed Timeline:

Reporting period changed from July 1, 2022–June 30, 2025, to July 1, 2023–June 30, 2025.

Proposed Refinement #2

Hospital-Level RSCR Following Elective Primary
THA and/or TKA

Proposed Refinements:

- Expand the measure's inclusion criteria to include Medicare Advantage patients.
- Shorten the performance period from 3 years to 2 years.

Proposed Timeline:

- Reporting period changed from July 1, 2022–June 30, 2025, to July 1, 2023–June 30, 2025.
- Remove from the Hospital IQR Program beginning with FY 2030.

Proposed Refinement #3 and #4

Hybrid HWR and Hybrid HWM

Proposed Refinements:

- Lower the submission thresholds to allow for up to 2 missing laboratory results and up to 2 missing vital signs.
- Reduce the core clinical data elements submission requirement to 70% or more of discharges.
- Reduce the submission requirement of linking variables to 70% or more of discharges.

Proposed Timeline:

Performance period is from July 1, 2025–June 30, 2026, affecting FY 2028.

Proposed Removals of Current Hospital IQR Program Measures

Measure Name	Proposed for Removal Beginning
Hospital Commitment to Health Equity	Calendar Year (CY) 2024 reporting period/ FY 2026 payment determination
COVID-19 Vaccination Coverage among Health Care Personnel	
Screening for Social Drivers of Health	
Screen Positive Rate for Social Drivers of Health	

Technical Updates

Remove COVID-19 exclusion beginning FY 2027 Program Year from these measures.

Short Name	Measure Name
MORT-30-STK	Hospital 30-Day, All-Cause, Risk-Standardized Mortality Rate Following Acute Ischemic Stroke Hospitalization
COMP-HIP-KNEE	Hospital-Level, Risk-Standardized Complication Rate (RSCR) Following Elective Primary Total Hip Arthroplasty and/or Total Knee Arthroplasty
AMI Excess Days	Excess Days in Acute Care after Hospitalization for Acute Myocardial Infarction
HF Excess Day	Excess Days in Acute Care after Hospitalization for Heart Failure
PN Excess Days	Excess Days in Acute Care after Hospitalization for Pneumonia
Hybrid HWR	Hybrid Hospital-Wide All-Cause Readmission Measure
Hybrid HWM	Hybrid Hospital-Wide All-Cause Risk Standardized Mortality Measure

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Hospital VBP Program

Hospital VBP Program Proposal Overview

- Modification to one current measure
 - Technical Updates COMP-HIP-Knee and HAI measures
 - Proposal to Update the ECE Policy
 - Removal of the Health Equity Adjustment
 - Updates to Performance Standards for FY 2027–FY 2031
- Program Years

Proposal to Modify the THA/TKA Complications Measure

Program Year: FY 2033 (Performance Period April 1, 2028-March 31, 2031)

Proposed Refinements:

- Expanded Cohort
 - Adds Medicare Advantage patients to the measure
 - Cohort size nearly doubles, improving representativeness
- Shortened Performance Period
 - Reduces from 3 years to 2 years
 - Enables use of more current data for performance evaluation
- Data Sources and Risk Factors
 - Uses Fee for Service claims and Medicare Advantage encounters for the following:
 - Index admissions
 - Complication outcomes
 - Present on Admission comorbidities
 - Assesses comorbidities from prior 12 months of Medicare claims
- Contingency
 - Hospital VBP Program updates dependent on adoption in Hospital IQR Program

Summary of Current and Proposed Reporting of COMP-HIP-KNEE Measure

Payment Year or Program Year Impacted	Version of Measure in Use	
	Hospital IQR Program	Hospital VBP Program
FY 2026	Modification 1 (Additional outcomes added) ¹	Original ²
FY 2027	Modification 2 (Add Medicare Advantage patients, shorten performance period) ³	Original
FY 2028	Modification 2	Original
FY 2029	Modification 2	Original
FY 2030	N/A	Modification 1
FY 2031	N/A	Modification 1
FY 2032	N/A	Modification 1
FY 2033 and Subsequent Years	N/A	Modification 2

¹ Modification 1 was finalized in the FY 2024 IPPS/LTCH PPS final rule.

² Original version of the measure was finalized in the FY 2015 IPPS/LTCH PPS final rule.

³ Modification 2 is being proposed in this section of the proposed rule.

Technical Updates to Mortality and Complication Measures

Effective Beginning FY 2027 (Mortality July 1, 2022-June 30, 2025, Complication April 1, 2022-March 31, 2025)

- COVID-19 exclusions removed.
- COVID-19 diagnoses will be re-included in measure denominators for MORT–30–AMI, CABG, COPD, HF, PN, and COMP–HIP–KNEE.
- Covariate adjustments removed.
 - Prior 12-month history of COVID-19 will no longer be adjusted.
 - This applies to all 6 Clinical Outcomes domain measures.
- Rationales for update are:
 - Provides a more complete view of hospital quality.
 - Reflects post-pandemic data normalization.
 - Aligns with subregulatory technical updates policy finalized in FY 2015.

NHSN HAI Measures

Technical Update

Effective Beginning with FY 2029 (January 1, 2025-December 31, 2025)

- Centers for Disease Control and Prevention (CDC) is updating the standard population data used to calculate standardized infection ratio (SIR). New CY 2022 data will be used alongside existing CY 2015 data.
- Standard population data support accurate risk adjustment and valid hospital comparisons by establishing expected infection rates; updates align with CDC maintenance to ensure timely, comparable, and clinically meaningful HAI evaluations.
- Due to the Hospital VBP Program's scoring structure, CY 2015 baseline data will be used through FY 2028 to maintain consistency, as improvement points cannot be calculated across baselines; CY 2022 standard population will be adopted starting in FY 2029.

Proposed Removal: Health Equity Adjustment

Health Equity Adjustment (HEA) Overview

- Adopted in FY 2024 final rule for implementation in FY 2026
- Designed to reward high-performing hospitals serving dual-eligible patients
- Intended to recognize differences in resource intensity and provide appropriate support.

Proposed Change

- Remove HEA from Hospital VBP Program starting in FY 2026
- Aims to simplify scoring methodology and improve program clarity

Rationale for Removal

- Results in minimal financial impact: 0.002% difference in average payment adjustment
- Supports regulatory streamlining and reduces participant burden
- No additional reporting burden currently associated with HEA

Jessica Warren, RN, BSN, MA, FCCS, CCRC, Program Lead
Medicare Promoting Interoperability Program, QMVG, CCSQ, CMS

Medicare Promoting Interoperability Program for Eligible Hospitals and CAHs

Medicare Promoting Interoperability Program Proposed Changes Overview

- Define the reporting period
- Modifications of 3 measures or objectives
- Addition of optional bonus measure
- Request for Information

Proposal to Define the EHR Reporting Period

Proposal to define the electronic health record (EHR) “reporting period for a payment adjustment year” in CY 2026 and subsequent years as a minimum of any continuous 180-day period within that calendar year for eligible hospitals and critical access hospitals (CAHs)

Proposed Modification of Current Measures and Objectives

Measure Name or Objective	Proposed Modification Beginning
Security Risk Analysis Measure	EHR Reporting Period in CY 2026
Safety Assurance Factors for EHR Resilience (SAFER) Guides Measure	
Public Health and Clinical Data Exchange Objective	

Proposed Modification #1

Security Risk Analysis Measure

Proposed Modification:

- Require eligible hospitals and CAHs to attest “yes” to having conducted security risk management.
- Would need to separately attest “yes” to both components of the proposed revised measure:
 - Met the existing security risk analysis requirement component, and
 - Met the security risk management component of the modified Security Risk Analysis measure.

Proposed Modification #2

SAFER Guide Measure

Proposed Modification:

Require eligible hospitals and CAHs to attest “yes” to completing an annual self-assessment using all 8 2025 SAFER Guides, at any point during the calendar year in which the EHR reporting period occurs, to be considered a meaningful EHR user.

Proposed Modification #3

Adoption of an Optional Bonus Measure for Public Health Reporting Using the Trusted Exchange Framework and Common Agreement (TEFCA)

- Would be able to claim 5 bonus points if health information is submitted to a public health agency (PHA) using TEFCA.
- To attest “yes” an eligible hospital or CAH must:
 - Be a signatory to a TEFCA Framework Agreement.
 - Transmit electronic health information for at least 1 measure under the objective.
 - Use the functions of certified EHR Technology to engage in exchange with a PHA.

Request for Information #1

Query of Prescription Drug Monitoring Program (PDMP) Measure

We request public comment regarding:

- Changing the measure from an attestation-based measure (“yes” or “no”) to a performance-based measure (numerator and denominator)
- Alternative measures designed to more effectively assess the degree to which participants are utilizing PDMPs.
- Expanding the types of drugs to which the measure could apply.

Request for Information #2

Performance Based Measures

We request public comment regarding:

- New measure concepts for public health that would allow us to better focus on aspects of the data quality of public health reporting.
- Revising our approach to scoring the measures under the Public Health and Clinical Data Exchange objective.

Request for Information #3

Data Quality

We request public comment regarding:

- Data quality challenges.
- Primary barriers to collecting high-quality data.
- Effective solutions to address data quality.
- Steps CMS should consider to drive further improvement in the quality and usability of health information being exchanged.

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HAC Reduction Program

HAC Reduction Program Proposal Overview

- Technical update to the specifications of the NHSN HAI measures to use standard population data from CY 2022
- Updates to ECE Policy
 - Specify that an ECE could take the form of an extension of time to comply with a data reporting requirement
 - Update the time during which a hospital may request an ECE after the extraordinary circumstance occurred

Technical Updates for the NHSN HAI Measures

Year of Implementation: FY 2028

CDC is updating the standard population data used to calculate SIRs from a 2015 period to a 2022 period.

Rationale for Updates:

- Promote timely, comparable, and clinically relevant evaluation of HAIs.
- Promote accurate risk adjustment and valid comparisons across hospitals, since standard population data are used to calculate expected infection rates.
- Align with routine CDC measure maintenance.

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Hospital Readmissions Reduction Program, QMVG, CCSQ, CMS

Hospital Readmissions Reduction Program

Hospital Readmissions Reduction Program Proposals Overview

- Measure Updates
 - Modify the six readmission measures to include Medicare Advantage (MA) data, in addition to Medicare fee-for-service (FFS) data
 - Shorten the “applicable period” for measuring performance from three to two years
- Modify calculation of aggregate payments for excess readmissions to include MA data, in addition to FFS data
- ECE Policy Update
- Technical update
 - Remove COVID-19 exclusions and risk-adjustment covariates from the six readmission measures

Proposed Modification to the Readmission Measures

Proposed Year of Implementation: Fiscal Year 2027

Proposed Changes:

- CMS proposed to expand the six readmission measures to include Medicare Advantage data.
- CMS also provided a non-substantive update to re-specify the risk model for each measure to primarily use individual ICD-10 (the International Classification of Diseases, Tenth Revision, Clinical Modification) codes.

Rationale for Updates:

The addition of Medicare Advantage data to the six measure increases the size of the measure's cohort, which maintains measure reliability while shortening the performance period from 3 years to 2 years, leads to more hospitals receiving results, and increases the chance of identifying meaningful differences in quality for some low-volume hospitals. Risk model respecification contributes to enhancing the of model performance and measure reliability.

Proposal to Shorten the “Applicable Period”

Proposed Year of Implementation: Fiscal Year 2027

Proposed Changes:

- CMS proposed to shorten the applicable period from three to two years for measuring performance.
The “applicable period” is the data period used to calculate excess readmission ratios, aggregate payments for excess readmissions, and dual proportions for the fiscal year.

Rationale for Updates:

The proposed update would allow for more recent data to be used when assessing performance.

Technical Update to Remove COVID-19 Exclusions and Risk-Adjustment Covariates

Year of Implementation: Fiscal Year 2027

Changes:

- Remove the COVID-19 exclusions that excluded COVID admissions from the measure cohort and outcomes, and removing the adjustment for a history of COVID.

Rationales for Updates:

- Provide a more complete measure of hospitals' quality of care.
- Reflect post-pandemic data normalization.

Proposal to Modify Calculation of Aggregate Payments for Excess Readmissions

Proposed Year of Implementation: Fiscal Year 2027

Proposed Change:

Include Medicare Advantage payment data in addition to Medicare fee-for-service in the calculations of aggregate payments for excess readmissions.

Rational for Updates:

This proposal expands the calculation to include MA beneficiaries that would align with the population represented in the readmission measures.

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FY 2026 IPPS/LTCH PPS Proposed Rule Page Directory and Submission of Comments

FY 2026 IPPS/LTCH PPS Proposed Rule Page Directory

- Download the FY 2026 IPPS/LTCH PPS proposed rule from the *Federal Register*:
<https://www.federalregister.gov/documents/2025/04/30/2025-06271/medicare-program-hospital-inpatient-prospective-payment-systems-for-acute-care-hospitals-and-the>
- Details regarding various quality programs can be found on the pages listed below:
 - Hospital Readmissions Reduction Program pp. 18283-18289
 - Hospital VBP Program pp. 18289-18301
 - HAC Reduction Program pp. 18301-18304
 - Hospital IQR Program pp. 18328-18344
 - PPS-exempt Cancer Hospital Quality Reporting Program pp. 18344-18348
 - Medicare Promoting Interoperability Program pp. 18355-18376

Commenting on the FY 2026 IPPS/LTCH PPS Proposed Rule

- CMS is accepting comments until 5:00 p.m. Eastern Time on June 10, 2025.
- Submit comments via 1 of these 3* methods:
 - Electronically
 - Regular mail
 - Express or overnight mail
- CMS will respond to comments in the final rule, scheduled to be issued by August 1, 2025.

*Note: Please review the proposed rule for specific instructions for each method and submit using **only** 1 method.

FY 2026 IPPS/LTCH PPS Proposed Rule
Overview for Hospital Quality Programs

Thank You

Survey

Please [click here](#) to complete a short survey.

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